

AL-ABID
SILK MILLS LIMITED

50th ANNUAL REPORT
2018

50th ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

CONTENTS	PAGE NO.
Company Information	2
Notice of Annual General Meeting	3
Review Report by the Chairman	5
Director Report to the Shareholders (English)	6
Director Report to the Shareholders (Urdu)	9
Statement of Compliance with the Code of Corporate Governance	12
Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance	14
Auditors' Report to the Members	15
Statement of Financial Position	20
Statement of Profit or Loss Account	22
Statement of Other Comprehensive Income	23
Statement of Cash Flow	24
Statement of Changes in Equity	25
Notes to the Financial Statements	26
Key Operating and Financial Data	47
Pattern of Shareholding	48
Proxy Form (English)	
Proxy Form (Urdu)	

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman Chief Executive Officer Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
CHIEF FINANCIAL OFFICER	Mr. Muhammad Imran	
SECRETARY	Mr. Nasim Ahmed	
AUDIT COMMITTEE	Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoor	Chairman Member Member
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRARS	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan Orix Leasing Pakistan Ltd. Pak Oman Investment Company Limited Pak Kuwait Investment Company (Private) Limited PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-39, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-39, A-51 / B, A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	
E-MAIL	mail@alabid.com	

AL-ABID SILK MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General meeting of the Shareholders of the Company will be held at the Auditorium of the Embassy Inn, 100-B, S.M.C.H.S., Nursery, Main Shahrah-e-Faisal, Karachi, on Thursday, October 25, 2018 at 06:45 p.m. to transact the following business:

1. To confirm the Minutes of the last Extraordinary General Meeting of the Company held on 10th August, 2018.
2. To receive, consider and adopt the annual audited accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 2018.
3. To appoint statutory Auditors for the year 2018-2019 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

(NASIM AHMED)
Company Secretary

Karachi: October 03, 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 17, 2018 to October 25, 2018 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 17, 2018, are entitled to attend and vote at the meeting. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. An instrument of proxy applicable for the Meeting is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: www.alabid.com.
4. An instrument of proxy and the power of attorney or other authority (if any) under which is signed, or a notarially certified copy of such power or authority, must be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
5. In accordance with the provisions of Section 242 of the Companies Act, 2017 and Circular No. 18/2017, a listed company, is required to pay cash dividend to the shareholders **ONLY** through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your future dividends directly in your Bank account, you are required to provide the information mentioned on the Form placed on the Company's website and send the same to your brokers/ the Central Depository Company Ltd. if the shares are held in electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form
6. Members are requested to submit a copy of their Computerized National Identity Card (CNIC/SNIC), if not already provided, and notify immediately changes, if any, in their registered address to our Share Registrar, JWAFFS Registrar Services (Pvt) Limited.

AL-ABID SILK MILLS LIMITED

7. Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the company registered office PABX Nos (+9221) 32560040 and email mail@alabid.com

8. I / We, of being a member of Al-Abid Silk Mills Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for video conference facility at (Please insert name of the City) _____

Signature of member

9. 9. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

10. **CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP), and being mentioned in the Notice of Meeting Circulated to the Members.**

A) For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B) For Appointing Proxies

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AL-ABID SILK MILLS LIMITED

REVIEW REPORT BY THE CHAIRMAN

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Al-Abid Silk Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non- executive and independent directors are equally involved in important decisions.



S. M. JAWED AZAM
CHAIRMAN

Karachi: October 03, 2018

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the 50th Annual Report and the Audited Financial Statements of the Company for the year ended June 30, 2018.

The textile industry has been in a very depressed situation for quite some time; however our new government is giving new hope of boasting up textile industry considering as being one of the major foreign exchange earners and at the same time major employment possibility. The new government is also concerned for cost of doing business which we hope will also be helpful to promote textile industry and industry overall. We also expect, the new government will take care of water availability in Karachi which is also very essential to operate at affordable prices. We feel the government is aware of all problems including power/gas and will take necessary steps to revive industrial capacity of the country at large.

FUTURE OUTLOOK

As reported to you in directors' report for the period ended March 31, 2018, our negotiation with the banks have been going on; now we are pleased to inform that most of the our large banks and we have reached an amicable settlement which calls for sales of some surplus machinery and land and building and settling off major part of liabilities under litigation. It is pertinent to note that the major and the latest plant are being retained by us as well as the largest production units where we will operate with a new model of efficient productivity. We hope to complete this within next 6 to 8 months and we make all efforts to have our place back as one of the largest home textile exporters as we have been.

DIVIDEND

Considering the current state of affairs, the cash flow of the Company does not allow any dividend payout. Therefore, the Board of Directors does not recommend dividend for the year ended June 30, 2018.

AL-ABID SILK MILLS LIMITED

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

- The financial statements prepared by the management of Al-Abid Silk Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of Al-Abid Silk Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- The Board is responsible for the Company's system of internal control and reviewing its effectiveness. The Board considers that the Company's system of internal control is sound and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is also enclosed in the annual report.

NUMBER OF BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE OF EACH DIRECTOR

During the year ten meetings of the Board of Directors were held. The attendance of the Directors at board meetings were as follows:

Name of Director	Meeting Attended
Mr. S.M. Jawed Azam	09
Mr. Naseem A. Sattar	10
Mr. Azim Ahmed	10
Mr. Qamar Mashkooor	--
Mr. Muhammad Sajid Hafeez	--
Syed Raza Abbas Jafferri	08
Mst. Adia Naseem	03
Mrs. Sadaf Nadeem	01

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2018, the audit committee comprised the following three directors, all are Non-Executive Directors:

1.	Mr. Qamar Mashkooor	Chairman
2.	Mr. S.M.Jawed Azam	Member
3.	Mr. Muhammad Sajid Hafeez	Member

AL-ABID SILK MILLS LIMITED

INTERNAL AUDIT FUNCTION:

The Board Audit Committee is assisted by the Internal Audit Function in maintaining a sound system of internal controls and best practices.

The Internal Audit Function reviews internal controls in all key activities of the company. It acts as a service to the business by assisting with continuous improvement of controls and procedures. Actions are agreed in response to its recommendation and these are followed up to ensure that satisfactory controls are maintained.

Quarterly reviews are also conducted between internal audit management and senior management of the business and major functions to assess their current control status to identify and address any areas of concern.

The Board is responsible for effectiveness of the company's system of internal control. The internal control systems are designed to meet company's requirement to avoid the risk to which it may be exposed.

There is no restriction placed upon the scope of the internal audit function. The members of the internal audit function are authorized to have full, free and unrestricted access to all departments, their personnel, records and information (in whatever form) and physical property. Documentation and information provided are subject to the appropriate levels of security and confidentiality.

AUDITORS:

M/s. Muniff Ziauddin & Co., Chartered Accountants have retired and being eligible offered themselves for reappointment. As required by the Code of Corporate Governance and based on the recommendation of the Audit Committee the board of Directors has recommended the appointment of the M/s. Muniff Ziauddin & Co., Chartered Accountants for the year ending June 30, 2018.

PATTERN OF SHAREHOLDING:

The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

LOSS PER SHARE:

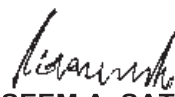
Based on the net loss for the current year, the basic loss per share is Rs. 0.90 (2017: Rs. 25.54)

ACKNOWLEDGMENT

In the end, your directors are pleased to thankful to shareholders who have being showing their confidence in the company and will continue to do so in future as well; we are also thankful for cooperation of the banks and our employees who are eagerly waiting to get back to their jobs.

Thanks to all of you.

For and on behalf of the Board of Directors


(NASEEM A. SATTAR)
Chief Executive Officer

Karachi: October 03, 2018

العابد سلک ملز لمیٹڈ

ڈائریکٹر رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کے لئے کمپنی کی 50 ویں سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارہ پیش کرتے ہیں۔

ٹیکسٹائل انڈسٹری کافی عرصہ سے بہت زیادہ بحران کا شکار تھی مگر ہماری نئی حکومت نے اہم زرمبادلہ کمانے والے اور ملازمت کے اہم امکانات پر غور کرتے ہوئے ٹیکسٹائل انڈسٹری کو فروغ دینے کے لئے نئی امید دلائی ہے۔ نئی حکومت کو بزنس کرنے کی کاسٹ کے لئے تشویش ہے جو ہمیں امید دلاتی ہے کہ ٹیکسٹائل انڈسٹری اور مجموعی اعتبار سے انڈسٹری کو فروغ دینے میں بھی مفید ہوگی۔ ہمیں توقع بھی ہے کہ نئی حکومت کراچی میں پانی کی دستیابی کے لئے بھی غور کرے گی جسے قابل برداشت قیمتوں پر آپریٹ کرنے میں بھی ضروری ہے۔ ہمیں احساس ہے کہ حکومت تمام مسائل بشمول پاور/گیس سے آگاہ ہے اور ملک کی انڈسٹریل کمپنیوں کی حیات نو کے لئے ضروری اقدامات اٹھائے گی۔

مستقبل کا پس منظر

31 مارچ 2018 کو اختتام ہونے والی مدت کے لئے آپ کو ڈائریکٹر رپورٹ میں بتایا گیا ہے کہ بینکوں کے ساتھ ہمارے گفت و شنید جاری ہے اور اب ہم آپ کو بتاتے ہوئے مسرت محسوس کرتے ہیں کہ ہمارے اکثر بڑے بینکنس اور ہم ایک ہم آہنگ تصفیہ پر پہنچ گئے ہیں۔ جنہیں چند فالتو مشینری زمین اور عمارت کی فروخت کے لئے بلایا ہے۔ اور قانون کے تحت ذمہ داریوں کا اہم حصہ ادا کر رہے ہیں۔ یہ مطلع کرنا ضروری ہے کہ اہم اور جدید ترین پلانٹ کے ساتھ بڑے پروڈکشن یونٹس ہماری جانب سے رکھے گئے ہیں جہاں ہم موثر پیداوار کے نئے ماڈل آپریٹ کریں گے۔ ہمیں امید ہے کہ یہ اگلے 6 سے 8 مہینوں میں مکمل ہوں گے اور ہم تمام کوششیں کریں گے کہ سب سے بڑے ہوم ٹیکسٹائل ایکسپورٹرز اپنا مقام حاصل کریں جیسا کہ ہم تھے۔

ڈیویڈنڈ

امور کی موجودہ صورت حال کے تصور میں کمپنی کا کیش فلو کسی ڈیویڈنڈ ادا کرنے کی اجازت نہیں دیتا۔ لہذا بورڈ آف ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کے لئے ڈیویڈنڈ کی سفارش نہیں کرتا۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

ڈائریکٹرز اقرار کرتے ہیں کہ:-

- ☆ مالیاتی گوشوارے العابد سلک ملز لمیٹڈ کی انتظامیہ کی جانب تیار کئے گئے ہیں جو اس کی امور کے حالات کو جس میں اس کے آپریشنز، کیش فلوز اور ایکویٹی میں تبدیلی کے نتائج کو عمدگی سے پیش کرتے ہیں۔
- ☆ العابد سلک ملز لمیٹڈ کی اکاؤنٹ کی کتابیں باقاعدگی سے مینٹین کی گئی ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیز کا استقامت سے استعمال کیا گیا ہے اور اکاؤنٹنگ اسٹیٹمنٹس مناسب اور محتاط فیصلوں

العابد سلک ملز لمیٹڈ

کی بنیاد پر ہیں۔

- ☆ مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے جیسا کہ پاکستان میں قابل اطلاق ہے۔
- ☆ یہاں کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی مناسب شبہات نہیں ہیں۔
- ☆ بورڈ کمپنی کے اندرونی کنٹرول کے سسٹم اور اس کے موثر کارکردگی کا جائزہ لینے کا ذمہ دار ہے۔ بورڈ تصور کرتا ہے کہ کمپنی کے اندرونی کنٹرول کا نظام مستحکم ہے اور اس کا موثر طور پر نفاذ اور نگرانی کی گئی ہے۔
- ☆ یہاں کارپوریٹ گورننس کی عمدہ اعمال سے نکلنے کے لئے کوئی مواد نہیں ہے۔ جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔
- ☆ پچھلے چھ سالوں کے لئے اہم آپریٹنگ اور مالیاتی ڈیٹا خلاصہ کی صورت میں سالانہ رپورٹ میں منسلک کیا گیا ہے۔

سال کے دوران منعقدہ بورڈ کے اجلاس کی تعداد اور ہر ڈائریکٹر کی شرکت

سال کے دوران بورڈ آف ڈائریکٹر کے (10) اجلاس منعقد ہوئے تھے۔ بورڈ کے اجلاسوں میں ڈائریکٹر کی شرکت نیچے دی گئی ہے۔

ڈائریکٹر کے نام	اجلاس میں شرکت
جناب الیس۔ ایم جاوید اعظم	09
جناب نسیم اے ستار	10
جناب عظیم احمد	10
جناب قمر مشکور	--
جناب محمد ساجد حفیظ	--
سید رضا عباس جعفری	08
مسماۃ آدیہ نسیم	03
مسز صدف ندیم	01

آڈٹ کمیٹی

سائز اور ساخت

30 جون 2018 کو ختم ہونے والے مالی سال کے لئے آڈٹ کمیٹی درج ذیل تین ڈائریکٹرز اور تمام نان ایگزیکٹو ڈائریکٹرز پر مشتمل تھی۔

1	جناب قمر مشکور	چیئر مین
2	جناب الیس۔ ایم جاوید اعظم	ممبر
3	جناب محمد ساجد حفیظ	ممبر

انٹرنل آڈٹ فنکشن

بورڈ انٹرنل کنٹرول کے مستحکم نظام اور عمدہ طریقوں کو بروئے کار لاتے ہوئے انٹرنل آڈٹ فنکشن سے آڈٹ کمیٹی کی معاونت کرتا ہے

انٹرنل آڈٹ فنکشن کمپنی کی تمام اہم سرگرمیوں میں انٹرنل کنٹرولز کا جائزہ لیتا ہے۔ یہ کنٹرولز اور طریقہ کار کی مسلسل اصلاح کی مدد سے بطور سروس کام کرتا

العا بد سلک ملز لمیٹڈ

ہے۔ اس کی سفارش کے جواب میں افعال طے گئے ہیں اور ان پر عمل کیا جاتا ہے تاکہ یقینی بنایا جائے کہ اطمینان بخش کنٹرولز برقرار رہیں۔

سہ ماہی جائزے بھی انٹرل آڈٹ مینجمنٹ اور اعلیٰ مینجمنٹ کے بزنس اور اہم فرض منصبی کے مابین انجام دیئے گئے ہیں تاکہ اپنے حالیہ کنٹرول کی حیثیت کی شناخت کا اندازہ لگایا جائے اور کسی شعبہ کی تشویش کو دور کیا جائے۔

بورڈ کمپنی کے انٹرل کنٹرول کے نظام کی کارکردگی کے لئے ذمہ دار ہے۔ انٹرل کنٹرول سسٹمز تشکیل دیئے گئے ہیں تاکہ کمپنی کی ضرورت پوری ہو اور خطرہ سے بچا جائے جو ظاہر ہو سکتا ہو۔

یہاں انٹرل آڈٹ فیکشن کی وسعت پر کوئی پابندی عائد نہیں ہے۔ انٹرل آڈٹ فیکشن کے اراکین کو تمام ڈیپارٹمنٹس، ان کے ذاتی ریکارڈ اور معلومات (کسی بھی صورت میں ہو) اور طبعی پراپرٹی کے لئے آزادانہ اور غیر مشروط رسائی کی اجازت رکھتے ہیں۔ فراہم کئے گئے دستاویزات اور معلومات سکیورٹی اور رازداری کی مناسب سطحوں سے مشروط ہیں۔

آڈیٹرز

میسرز مونسف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور باصلاحیت ہونے کی وجہ سے انہیں دوبارہ تقرری کی پیش کش کی گئی ہے۔ جیسا کہ کوڈ آف گورننس کے ضابطہ سے ضروری ہے اور آڈٹ کمیٹی کی سفارش کی بنیاد پر بورڈ آف ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کے لئے میسرز مونسف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کے لئے سفارش کرتا ہے۔

شیئر ہولڈنگ کا طریقہ کار

شیئر ہولڈنگ کا طریقہ کار اور شیئر ہولڈنگ کے طریقہ کار سے متعلق اضافی معلومات مالیاتی گوشواروں کے ساتھ منسلک کی گئی ہیں جو اس رپورٹ میں شامل ہے۔

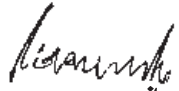
فی شیئر نقصان

رواں سال کے لئے کل نقصان کی بنیاد پر فی شیئر نقصان 0.90 روپے ہے (2017: 25.54 روپے)

اعتراف

آخر میں آپ کے ڈائریکٹرز کمپنی کے ورکرز، عملے اور ایگزیکٹو کی جانب سے پیش کی گئی خدمات کو سراہتے ہوئے خوشی محسوس کرتے ہیں۔ اور مستقبل میں ان سے پورے جوش و ولولے کے ساتھ سخت محنت کرنے کی توقع رکھتے ہیں۔ ہم اپنے خیر خواہوں اور معزز شیئر ہولڈرز کے بھی شکر گزار ہیں۔ آپ سب کا شکریہ

بورڈ آف ڈائریکٹرز کے توسط سے


(سید اے ستار)
چیف ایگزیکٹو آفیسر

3 اکتوبر 2018

AL-ABID SILK MILLS LIMITED

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 08 as per the following:

- a. Male: 06
- b. Female: 02

2. The Composition of Board is as follows:

Category	Names
Independent Director	Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez
Executive Director	Mr. Naseem A. Sattar Mr. Azim Ahmed
Non-Executive Directors	Mr. S.M Jawed Azam Syed Raza Abbas Jaffery Mst. Adia Naseem Mrs. Sadaf Nadeem

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Two executive directors and non-executive director are exempted from director's training program. Apart from that, directors' training program was not attended by any other director during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

AL-ABID SILK MILLS LIMITED

12. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Qamar Mashkooor	Chairman
Mr. S.M. Jawed Azam	Member
Mr. Muhammad Sajid Hafeez	Member

HR and Remuneration Committee

Mr. Muhammad Sajid Hafeez	Chairman
Mr. Naseem A. Sattar	Member
Mr. Qamar Mashkooor	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- | | |
|----------------------------------|----------------------|
| a) Audit Committee | 4 quarterly meetings |
| b) HR and Remuneration Committee | 1 yearly meeting |

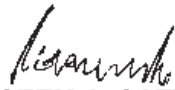
15. The Board has set up an effective internal audit function, which is considered suitably qualified, experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors


(NASEEM A. SATTAR)
Chief Executive Officer

Karachi: October 03, 2018

AL-ABID SILK MILLS LIMITED

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Al-Abid Silk Mills Limited** for the year ended **June 30, 2018** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

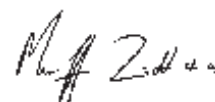
The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in Regulations applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

Note reference	Description
9	Any of the directors (excluding exempted directors) has not acquired the mandatory certification of directors training program from the Institute specified by the SECP during the year.

KARACHI: October 03, 2018



CHARTERED ACCOUNTANTS
(Sohail Saleem)

AL-ABID SILK MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

Adverse Opinion

We have audited the annexed financial statements of **Al-Abid Silk Mills Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the company as at June 30, 2018, and financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

- (i) As explained on note 1.1, during the year ended June 30, 2018, the company has accumulated loss stood at Rs. 6.642 billion which has eroded its equity to an adverse balance of Rs. 4.694 billion after surplus on revaluation of fixed assets, as of that date Company's current liabilities exceeded its current assets by Rs. 6.638 billion and further during the year no production and sales were made by the company. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis however, in our opinion, management's use of the going concern assumption in the financial statements is inappropriate.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 5.035 billion and for bank balances of Rs. 0.217 billion as mentioned in the financial statements. The Company has not recorded markup on these finances which amounts to Rs. 0.370 billion on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 0.936 billion and various leasing companies amounting to Rs. 0.067 billion.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AL-ABID SILK MILLS LIMITED

In addition to the matter described on the basis for adverse opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	How our audit addressed the Key Audit Matters
1. Preparation of financial statements under Companies Act, 2017 As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying financial statements. Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 4.25 to the accompanying financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.	We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements. In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 4.25 to the accompanying financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.
2. Contingencies The Company is subject to material litigations involving different courts pertaining to Long-term loans, taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters.	In response to this matter, our audit procedures included: Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations. We also evaluated the legal cases in line with the

AL-ABID SILK MILLS LIMITED

The details of contingencies along with management's assessment and the related provisions are disclosed in note 18 to the financial statements. Further, subsequent to the year the Company has reached on amicable settlement with the major banks in litigation whereof the banks would settle off their liabilities against selling off some surplus fixed assets of the Company. For that purpose the banks got the fixed assets revalued by an independent valuer as on January 8, 2018 which resulted in an impairment of fixed assets by Rs. 1,501,118,049. The Company has adopted this revaluation for recognising the fixed assets as at the year ended 30 June, 2018.	requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy. Further, the revalued figures as per the revaluation report of SIPRA & Company (Private) Limited dated January 8, 2018 have been adopted by the Company for the year ended 30 June, 2018. We have evaluated the assumptions in the valuation report and found them to be appropriately and adequately made. We have verified and evaluated the figures of impairment and revalued amounts of fixed assets as at the year end and found them to be appropriately recognised and disclosed.
3. Provision for inventories The Company had net inventories of PKR 12,732,975 and PKR 14,551,972 respectively as at 30 June 2018, which comprised raw materials spares and consumables as disclosed in Note 21 to the financial statements. The Company estimates the provision for slow moving and obsolete inventory of raw materials, work in progress and finished goods based on the inventory residence period and sales performance of individual stock categories and make specific provisions by individual stock categories. The Company also write down the value of such inventories based on the Net Realisable Value (NRV) of inventories. Further, the provision for all slow and non-moving inventories of engineering spares and consumables are based on the inventory days and specific identification of inventories through verification by management. We focused on this area as the estimation for provisioning involves a high level of management judgement which could in turn result in measurement uncertainty and possibility for management bias.	We evaluated the significant assumptions and methodologies applied by management to identify and provide for slow moving and obsolete inventory categories. We compared the residence period and provisioning percentages used by management in the current year to those applied in prior years and checked the reasonableness of provisioning basis using our understanding of industry practices. Further, we reviewed the year to year movement in provision for each category of inventory considering subsequent write offs, reversals on re-use and disposals. We also compared the cost of inventories as at 30 June 2018 to their net realisable value subsequent to year end. We performed a recalculation of the inventory provision made to an individual inventory categories based on the system generated inventory ageing report, for which system reliance was placed. Further, we checked for damaged and obsolete inventory, if any, that were physically identifiable during stock count observation. Based on the procedures performed above, we consider management's judgement and estimates in providing for slow moving and obsolete inventory to be reasonable and adequate.

Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include in the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

AL-ABID SILK MILLS LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AL-ABID SILK MILLS LIMITED

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the mall relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

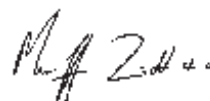
Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Sohail Saleem.

Karachi: October 03, 2018



CHARTERED ACCOUNTANTS
(Sohail Saleem)

AL-ABID SILK MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

		June 2018	June 2017 Restated	June 2016 Restated
	Note	----- (Rupees) -----		
EQUITY & LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
20,000,000 Ordinary Shares of Rs. 10/- each		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid-up capital	6	134,095,500	134,095,500	134,095,500
Reserves				
Capital reserve		372,834,000	372,834,000	372,834,000
Surplus on revaluation of fixed assets	7	1,441,258,732	2,595,912,772	2,808,887,010
Accumulated loss		(6,642,427,149)	(6,744,421,690)	(6,625,919,544)
		(4,828,334,416)	(3,775,674,917)	(3,444,198,534)
Total equity		(4,694,238,916)	(3,641,579,417)	(3,310,103,034)
LIABILITIES				
NON- CURRENT LIABILITIES				
Long term loan from banks	8	-	-	-
Liabilities against assets subject to finance lease	9	-	-	-
Deferred Taxation	10	-	483,586,818	477,464,632
		-	483,586,818	477,464,632
CURRENT LIABILITIES AND PROVISIONS				
Loan from director - unsecured	11	518,518,754	496,898,754	479,973,754
Retirement benefits	12	7,008,935	7,118,935	7,358,935
Trade and other payables	13	936,569,591	943,121,281	948,359,569
Unclaimed dividend		108,310	108,310	108,310
Advance from I.B.L	14	366,063,944	366,063,944	401,873,719
Accrued markup	15	240,815,938	240,815,938	240,815,938
Current maturity of long term loans and Lease Liability	16	67,118,820	67,118,820	67,118,820
Short term finances	17	5,034,787,523	5,034,787,523	5,034,787,523
Provision for taxation		2,659,885	-	-
		7,173,651,700	7,156,033,505	7,180,396,567
CONTINGENCIES AND COMMITMENTS				
	18			
		2,479,412,783	3,998,040,905	4,347,758,165

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

AS AT JUNE 30, 2018

		June 2018	June 2017 Restated	June 2016 Restated
	Note	-----	(Rupees) -----	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	19	1,942,148,701	3,658,769,060	3,996,787,353
Long term security deposit		1,886,645	1,886,645	1,946,645
CURRENT ASSETS				
Stores and spares	20	52,970,111	60,537,270	68,104,429
Stock in trade	21	12,732,975	14,551,972	16,370,969
Trade debts	22	1,768,059	1,957,100	2,511,539
Loans and advances	23	5,017,778	5,396,206	7,464,576
Trade deposits and prepayments	24	6,311,810	6,311,810	6,311,810
Other receivables	25	164,541,974	165,053,621	165,053,621
Tax refunds due from government	26	74,402,044	74,136,361	73,902,594
Cash and bank balances	27	217,632,686	9,440,860	9,304,629
		535,377,437	337,385,200	349,024,167
		2,479,412,783	3,998,040,905	4,347,758,165



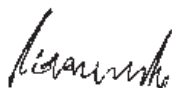
Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 2018 Rupees	June 2017 Rupees Restated
Sales and Manufacturing	28	-	-
Cost of sales	29	214,460,070	332,114,646
Gross loss		<u>(214,460,070)</u>	<u>(332,114,646)</u>
Operating expenses			
Administrative expenses	30	<u>30,794,018</u> <u>(245,254,088)</u>	<u>31,964,046</u> <u>(364,078,692)</u>
Other income	31	212,790,768	38,727,757
Loss from operations		<u>(32,463,320)</u>	<u>(325,350,935)</u>
Finance cost	32	5,063	3,262
Loss before taxation		<u>(32,468,383)</u>	<u>(325,354,197)</u>
Taxation - net	33	20,353,097	17,091,147
Loss after taxation		<u>(12,115,286)</u>	<u>(342,445,344)</u>
Loss per share - basic and diluted	34	<u>(0.90)</u>	<u>(25.54)</u>

The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	June 2018 Rupees	June 2017 Rupees
Loss after taxation	(12,115,286)	(342,445,344)
Other comprehensive income		
Items that will not be reclassified to profit and loss in subsequent period		
Reversal of surplus on revaluation during the year - net of tax	(1,050,782,634)	196,727,406
Total comprehensive Loss	<u>(1,062,897,920)</u>	<u>(145,717,938)</u>

The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2018

	June 2018 Rupees	June 2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(32,468,383)	(325,354,197)
Adjustments for:		
Depreciation	215,502,310	338,018,293
Provision for obsolete items	7,567,159	7,567,159
Provision for obsolete stock	1,818,997	1,818,997
Provision for doubtful debts	189,041	189,041
	225,077,507	347,593,490
Decrease / (Increase) in current assets:		
Trade debtors	-	365,398
Loan and advances	378,428	2,068,370
Other receivables	511,647	-
Tax refunds due from government	(248,731)	155,239
	641,344	2,589,007
(Decrease) / Increase in current liabilities:		
Trade and other payable	(6,551,690)	(5,238,288)
Advance from IBL	-	(35,809,775)
	(6,551,690)	(41,048,063)
Cash generated from / (used in) operations	186,698,778	(16,219,763)
Taxes paid	(16,952)	(389,006)
Staff gratuity paid	(110,000)	(240,000)
Net cash inflow / (outflow) from operations	186,571,826	(16,848,769)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term security deposit	-	60,000
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from director	21,620,000	16,925,000
Net increase in cash and cash equivalents	208,191,826	136,231
Cash and cash equivalents at the beginning of the year	9,440,860	9,304,629
Cash and cash equivalents at the end of the year	217,632,686	9,440,860

The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Capital Reserve	Accumulated Loss	Revaluation Surplus on Property Plant & Equipment	Total
	Rupees				
Balance as at June 30, 2016 as previously reported	134,095,500	372,834,000	(6,625,919,544)	-	(6,118,990,044)
Correction of error note 5.4	-	-	-	(73,841,945)	(73,841,945)
Impact of restatement note 4.26	-	-	-	2,882,728,955	2,882,728,955
Balance as at June 30, 2016 as restated	134,095,500	372,834,000	(6,625,919,544)	2,808,887,010	(3,310,103,034)
Loss after tax for the year ended June 30, 2017	-	-	(342,445,344)	-	(342,445,344)
Other Comprehensive Income					
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	223,943,199	(223,943,199)	-
Effect of change in tax rate - restated	-	-	-	10,968,961	10,968,961
Balance as at June 30, 2017 - restated	134,095,500	372,834,000	(6,744,421,690)	2,595,912,772	(3,641,579,417)
Loss after tax for the year ended June 30, 2018	-	-	(12,115,286)	-	(12,115,286)
Other Comprehensive Income					
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	114,109,827	(114,109,827)	-
Effect of change in tax rate	-	-	-	10,238,421	10,238,421
Reversal of revaluation on surplus during the year net of tax	-	-	-	(1,050,782,634)	(1,050,782,634)
Balance as at June 30, 2018	134,095,500	372,834,000	(6,642,427,149)	1,441,258,732	(4,694,238,916)

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND OPERATIONS

Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, later on it was converted into public limited company as on December 24, 1987 under Companies Ordinance, 1984. Currently, the shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office is located at A-39, S.I.T.E., Manghopir Road, Karachi. The Company is principally engaged in manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The manufacturing facilities of the Company are located at Karachi.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

KARACHI

A-39, S.I.T.E., Manghopir Road, Karachi.
A-51/B, S.I.T.E., Manghopir Road, Karachi.
A-34/A, S.I.T.E., Manghopir Road, Karachi.
A-29/B, S.I.T.E., Manghopir Road, Karachi.
D-14/C-1, S.I.T.E., Karachi.

PURPOSE

The registered office with manufacturing facilities
The factory premises with manufacturing facilities
The factory premises with manufacturing facilities
The factory premises with manufacturing facilities
The factory premises with stitching facilities

1.1 GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time, As a result of constant losses, the accumulated loss of the company has reached to Rs. 6.642 billion and Company's equity is in negative by Rs. 4.694 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 6.638 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's its liabilities in the normal course of business. However, the management of the company believes that the company will remain a going concern in the foreseeable future.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 370 million as matter was under litigation. However, during the year the negotiation with the banks were going on and finally, subsequent to the year end, the company has reached an amicable settlement whereof some surplus machinery and land & building will be sold to settle off major part of liabilities of the bank under litigation. The management has already requested rest of the banks and DFIs collectively and individually, to reschedule their credit facilities for a longer period coupled with fresh additional working capital facility in order to resume the operation of the company.

During the year ended June 30, 2016, International Brand Limited (IBL) submitted proposal to the bank for restructuring and acquire share holding in the Company. Pending this proposal IBL entered into contract dated June 15th, 2015 for manufacturing of their goods in the Company. For this purpose in pursuit to have the plant in full running condition to manufacture their contract goods as per their specification, IBL incurred initial mobilizing expenses under their supervision for repair and maintenance which was to be adjusted against generation of manufacturing of contract goods only. However, Manufacturing of contract goods was not started by IBL. Further, on February 10th, 2017 IBL has given the notice of termination of this contract and pursuant to their termination notice IBL has vacated the premises without undertaking the manufacturing of any contract goods.

Considering the above, the management of the company is confident to turn it around and to continue as a going concern. Accordingly, these financial statements do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.

AL-ABID SILK MILLS LIMITED

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report and note 1.1 & 31 to the financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 and, provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 4.1(g) of these financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Companies Act, 2017 have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 19.4), and change in threshold for identification of executives (refer note 35).

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for stores, spares and loose tools and stock-in-trade which are carried at lower of cost and net realizable value, and fixed assets which are carried at revalued amount and certain staff retirement benefits which are carried at present value.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest rupee.

3.4 New standards, amendments to approved accounting standards and new interpretations

3.5.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3.5.2 New standards, amendments to approved accounting standards and interpretations that are effective for the company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these

AL-ABID SILK MILLS LIMITED

amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Operating fixed assets

- a. Operating fixed assets of Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments are stated at revalued amount. Vehicles are stated at cost less accumulated depreciation and impairment losses, if any.
- b. Residual values and useful lives are reviewed, at each balance sheet date, and adjusted if impact on depreciation is significant.
- c. The Company assesses at each balance sheet date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.
- d. Depreciation is charged to income on the reducing balance basis. Depreciation is charged at rates stated in note 19.1.
- e. Depreciation on additions is charged from the month the assets are available for use while in the case of disposals, depreciation is charged one month prior up to the month in which the assets are disposed off.
- f. The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.
- g. Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized and are depreciated over the remaining useful life of the related assets.
- h. Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.
- i. Capital work in progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.
- j. The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, plant and equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised)

AL-ABID SILK MILLS LIMITED

(IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 2.686billion and PKR 2.882 billion for the year ended 30 June 2017 and 2016 respectively.

4.2 Operating fixed assets held under finance lease and related depreciation

The Company accounts for operating fixed assets held under finance lease by recording the asset and the related liability. Operating fixed assets on finance lease are capitalized at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between its present value and finance cost so as to achieve a constant rate on the finance lease obligation. The finance cost is charged to profit and loss account and is included under finance charges. Depreciation is charged to income applying the reducing balance method at rates stated in note 19.1.

The Company assesses at each balance sheet date whether there is any indication that the leased operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income currently.

4.3 Surplus on Revaluation of Fixed Assets

Any revaluation surplus is credited to the surplus on revaluation of fixed assets, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

4.4 Store and Spare Parts

Stores, spare parts and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising invoice value plus other charges thereon accumulated up to the balance sheet date.

4.5 Stock-in-trade

- (i) These are valued at lower of cost and net realizable value.
- (ii) Cost in relation to raw materials in hand, packing materials and other components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.
- (iii) Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.
 - i. Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the balance sheet date.
 - ii. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

4.6 Trade debts and other receivables

Trade and other receivables are carried at cost less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of term deposits, cash and bank balances.

4.8 Revenue Recognition

- (i) Revenue from sale is recognised when significant risk and rewards of ownership are transferred to the buyer.
- (ii) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.
- (iii) Income from processing services is recorded when earned.

4.9 Borrowing Cost

Borrowing costs incurred on long term finances directly attributable for the construction/acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

4.10 Foreign Currency Translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date. All arising exchange gains and losses are recognised in the profit and loss account.

4.11 Provision

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the prevailing best estimate.

4.12 Dividend

Dividend is recognised as liability in the period in which it is approved by the shareholders.

4.13 Financial assets and liabilities

Consistent with prior years, all financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to the cash flows from the financial assets expire or where the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognized when the obligation specified in the contract is discharged.

4.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is set-off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Interest / Mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.16 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Derivative Financial instruments and hedging act

The Company designates derivative financial instruments fair value hedge. Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

4.19 Retirement benefits

The Company operates an un-funded gratuity scheme covering all employees (excluding managerial staff). Provision is made annually based on management estimates which are adjusted periodically to agree with actuarial estimates. As per latest actuarial valuation carried out as at June 30, 2015, the value of scheme's liabilities were Rs. 14.27 million. The Projected Unit Credit Method of Valuation was used to generate actuarial values. The annual provision during the year were charged to income currently.

All actuarial gains and losses were recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year were amortized over the expected average working lives of the employees participating in the plan.

4.20 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(i) Current and prior year

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime in respect of imports & export and minimum tax.

(ii) Deferred

Deferred tax is provided using the balance sheet liability method on all temporary differences arising from differences between tax bases of assets and liabilities and their carrying amount for financial statements reporting purpose.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.21 Obligation under finance lease

Total outstanding obligation under the lease arrangement less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangement is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

4.22 Borrowings

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the balance sheet date.

4.23 Segment

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however certain information about Company's products as required by the approved accounting standards, are presented in note 39 to these financial statements.

4.24 Related Party Transactions

All related party transactions are carried out on an arm's length basis using Comparable Uncontrolled Price method.

4.25 Changes In Accounting Policy Of Revaluation Surplus On Property, Plant And Equipment

The Companies Act, 2017 has introduced changes to the accounting and reporting standards applicable to the companies, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policies relating to the revaluation surplus on property, plant and equipment. Accordingly, the accounting policies of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively in these financial statements to comply with the accounting and reporting

AL-ABID SILK MILLS LIMITED

standards applicable to the Company. The changes in accounting policies had a net impact of Rs. 2.882billions on total equity respectively, as at July 01, 2017. The resulted impact of change in accounting policy is further explained below:

On July 01, 2017 the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in IAS-16 are being followed by the Company. The new accounting policy is explained under note 4.1(g), above. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In these financial statements the above explained change in accounting policy has been accounted for retrospectively, with the restatement of the comparative information.

The effect of the change is recognition and presentation of Rs. 2.882 billions, for revaluation surplus on property, plant and equipment as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of property, plant and equipment of Rs. 2.882 billions, previously presented below equity in the statement of financial position, is summarised below;

4.26 Retrospective Impact of change in accounting policy

	As at July 1, 2016				As at June 30, 2017		
	As previously reported	Re-statement	As restated		As previously reported	Re-statement	As restated
	-----Rupees-----				-----Rupees-----		
Effect on statement of financial position							
Surplus on revaluation of property plant and equipments	2,882,728,955		2,882,728,955		2,686,001,549		2,686,001,549
Capital Reserve		2,882,728,955	2,882,728,955			2,686,001,549	2,686,001,549
Effect on statement of changes in equity							
Surplus on revaluation of property plant and equipments		2,882,728,955	2,882,728,955			2,686,001,549	2,686,001,549

5. Critical accounting estimates and judgments

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting

AL-ABID SILK MILLS LIMITED

estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

5.1 Property, Plant and Equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value use in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

5.2 Income Tax

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

5.3 Stores, Spare Parts and Stock in Trade

The Company reviews the net realizable value of stores, spare parts, loose tools and stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sales.

5.4 CORRECTION OF ERRORS:

Previously, the rate of tax was not applied correctly by 1% to arrive at the deferred tax figures. As a consequence, the deferred taxation had been incorrectly recorded. In addition to that, the deferred taxation related to Surplus on revaluation on property, plant and equipment was overstated.

The errors have been corrected by restating each of the affected financial statements line items for the prior periods as follows:

Balance Sheet (extracts)	30/Jun/16		30/Jun/16 Restated	30/Jun/17		30/Jun/17 Restated
	Previously stated	Increase /(Decrease)		Previously stated	Increase /(Decrease)	
Deferred taxation	277,164,821	73,841,945	351,006,766	227,302,281	90,088,777	317,391,058
Surplus on revaluation	2,882,728,955	(73,841,945)	2,808,887,010	2,686,001,549	(90,088,777)	2,595,912,772
Taxation	(10,124,646)	27,215,793	17,091,147			
statement of changes in equity		10,968,961				

AL-ABID SILK MILLS LIMITED

19 PROPERTY, PLANT AND EQUIPMENT

	Note	June 2018 Rupees	June 2017 Rupees
Operating Fixed Assets	19.1	1,925,348,701	3,641,969,060
Capital Work in Progress - DDFC Boiler		16,800,000	16,800,000
		<u>1,942,148,701</u>	<u>3,658,769,060</u>

19.1 Operating Fixed Assets

Particulars	Year 2018						Total
	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations	
Rate		10%	10%	10%	10%	10%	20%
Owned Assets							
							Rupees
Opening net book value	606,379,400	635,526,657	2,088,440,112	79,722,674	24,837,336	117,707,576	3,557,873,659
Addition during the year	-	-	-	-	-	-	-
Deletion during the year	-	-	-	-	-	-	-
Charge for the year	-	(57,813,503)	(138,250,369)	(4,211,362)	(1,282,318)	(6,242,586)	(208,852,121)
Surplus/(Impairment) during the year	119,015,600	(83,007,015)	(1,307,450,822)	(71,229,023)	(22,786,487)	(104,678,047)	(1,470,135,794)
Closing net book value	725,395,000	494,706,139	642,738,921	4,282,289	768,531	6,786,941	1,878,885,744
Leased Assets							
							Rupees
Opening net book value	-	-	84,095,401	-	-	-	84,095,401
Addition during the year	-	-	-	-	-	-	-
Deletion during the year	-	-	-	-	-	-	-
Charge for the year	-	-	(6,650,189)	-	-	-	(6,650,189)
Impairment during the year	-	-	(30,982,255)	-	-	-	(30,982,255)
Closing net book value	-	-	46,462,957	-	-	-	46,462,957
Total WDV as on June 30, 2018	725,395,000	494,706,139	689,201,878	4,282,289	768,531	6,786,941	1,925,348,701

AL-ABID SILK MILLS LIMITED

Particulars	Year 2017						
	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations	Vehicles
Rate	10%	10%	10%	10%	10%	10%	20%
Owned Assets	Rupees						
Opening net book value	606,379,400	706,140,732	2,316,683,638	88,580,749	27,597,041	130,786,198	6,574,880
Addition during the year	-	-	-	-	-	-	-
Deletion during the year	-	-	-	-	-	-	-
Charge for the year	-	(70,614,075)	(232,048,906)	(8,858,075)	(2,759,705)	(13,078,622)	(1,314,976)
Transfer during the year	-	-	3,805,380	-	-	-	-
Closing net book value	606,379,400	635,526,657	2,088,440,112	79,722,674	24,837,336	117,707,576	5,259,904
3,557,873,659	3,557,873,659						
Leased Assets	Rupees						
Opening net book value	-	-	97,244,715	-	-	-	-
Addition during the year	-	-	-	-	-	-	-
Deletion during the year	-	-	-	-	-	-	-
Charge for the year	-	-	(9,343,934)	-	-	-	(9,343,934)
Transfer during the year	-	-	(3,805,380)	-	-	-	(3,805,380)
Closing net book value	-	-	84,095,401	-	-	-	84,095,401
Total WDV as on June 30, 2017	606,379,400	635,526,657	2,172,535,513	79,722,674	24,837,336	117,707,576	5,259,904
							3,641,969,060

19.2 Allocation of Depreciation

Manufacturing overheads
Admin expenses

June 2018	June 2017
Rupees	Rupees
211,060,679	329,084,496
4,441,631	8,933,797
215,502,310	338,018,293

AL-ABID SILK MILLS LIMITED

6 SHARE CAPITAL

			June 2018 Rupees	June 2017 Rupees
June 2018 (Number of shares)	June 2017	Authorized Capital		
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000,000	200,000,000
8,713,900	8,713,900	Issued, subscribed and paid up capital		
		Ordinary shares of Rs. 10 each fully paid-up in cash	87,139,000	87,139,000
4,695,650	4,695,650	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	46,956,500	46,956,500
13,409,550	13,409,550		134,095,500	134,095,500

Shares held by the related parties of the Company

Directors, CEO, & their spouse and minor children	2018	2018	2017	2017
	Number of shares	Percentage holding	Number of shares	Percentage holding
Mr. Naseem A. Sattar	7,515,162	56.043	7,515,162	56.043
Mr. Azim Ahmed	479,818	3.578	479,818	3.578
Mst. Adia Naseem	328,322	2.448	328,322	2.448
Mrs. Sadaf Nadeem	132,281	0.986	132,281	0.986
S.M. Jawed Azam	500	0.004	500	0.004
Mr. Qamar Mashkoor	500	0.004	500	0.004
Mr. Muhammad Sajid Hafeez	500	0.004	500	0.004

7 SURPLUS ON REVALUATION OF FIXED ASSETS

Balance at beginning of the year - net	2,595,912,772	2,808,887,010
Less: Transferred to unappropriated profit on account of Incremental depreciation for the year - net of tax	(114,109,827)	(223,943,199)
Adjustment due to change in tax rate	10,238,421	10,968,961
Reversal of surplus on revaluation during the year - net of tax	(1,050,782,634)	-
balance at end of the year - net	1,441,258,732	2,595,912,772

- 7.1 During the year the Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. The valuation has been determined by the independent valuer M/s. SIPRA & Company (Pvt) Limited. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,232,252,450 as at January 08, 2018, however, the forced sales value of Rs. 1,674,048,087 have been taken to account for the fixed assets for the reason as mentioned in note 1.1. The earlier valuations were carried out by M/s. Anjum Adil and Associates independent valuer on June 30, 2012, August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.

8 LONG TERM BORROWINGS - SECURED (NON-PARTICIPATORY)

						June 2018 Rupees	June 2017 Rupees
Name of Banks	Sale price	Purchase price	Number of installments and date of commencement	Rate of mark-up per annum			
Pak Oman Investment Company I	86,871,864	107,417,218	22 equal quarterly 'September 4, 2006 Grace Period 06	7.0% Per Annum	7.0% Per Annum	27,011,025	27,011,025
Pak Oman Investment Company II	1,091,413	1,638,507	22 equal quarterly 'September 4, 2006 Grace Period 01	2.0% over 6 months	2.0% over 6 months KIBOR	477,496	477,496
						-	-
						27,488,521	27,488,521
Less: Transfer to Current maturity						27,488,521	27,488,521
						-	-

AL-ABID SILK MILLS LIMITED

	June 2018 Rupees	June 2017 Rupees
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	39,630,299	39,630,299
Current maturity shown under current liabilities	(39,630,299)	(39,630,299)
	-	-
10 DEFERRED TAXATION		
Debit / (Credit) balances arising from:		
Accelerated tax depreciation allowance	250,935,714	888,015,809
Provision for obsolete item	(6,810,443)	(4,691,639)
Provision for obsolete stock	(1,637,097)	(1,127,778)
Provision for doubtful debt	(170,137)	(117,205)
Liabilities against assets subject to finance lease	11,344,474	12,818,641
Provision for retirement benefits	2,102,681	(343,418)
Tax credit of unused tax losses	(356,679,848)	(410,967,592)
	(100,914,656)	483,586,818
10.1	Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.	
11 LOAN FROM DIRECTOR - UNSECURED		
Balance at beginning of the year	496,898,754	479,973,754
Received during the year	21,620,000	16,925,000
Repaid during the year	-	-
	518,518,754	496,898,754
The above is interest free loan from director(s) of the company, which is payable on demand.		
12 RETIREMENT BENEFITS	7,008,935	7,118,935
12.1 Movement in net liability recognized in the Balance Sheet		
Liability at beginning of the year	7,118,935	7,358,935
Charge for the year	-	-
Remeasurement on obligation	-	-
Benefits paid during the year	(110,000)	(240,000)
Liability at end of the year	7,008,935	7,118,935
13 TRADE AND OTHER PAYABLES		
Trade creditors	694,971,025	695,041,025
Other creditors	215,129,998	221,788,229
Accrued liabilities	6,035,471	5,879,540
Workers' profit participation fund	16,695,060	16,695,060
Advance from customers	785,717	785,717
Other liabilities	2,952,320	2,931,710
	936,569,591	943,121,281
14 ADVANCE FROM IBL		
Balance at beginning	366,063,944	401,873,719
During the year	-	(35,809,775)
	366,063,944	366,063,944
The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition.		
15 ACCRUED MARKUP		
Export refinance loan & US Dollar loan	122,852,442	122,852,442
Liabilities against assets subject to finance lease	3,437,436	3,437,436
Long term loan	170,807	170,807
Short term loan	114,355,253	114,355,253
	240,815,938	240,815,938
16 CURRENT MATURITY OF LONG-TERM LOANS AND LEASE LIABILITY		
Long term Loans - Pak Oman Investment Company I & II	27,488,521	27,488,521
Liabilities against assets subject to finance lease	39,630,299	39,630,299
	67,118,820	67,118,820

AL-ABID SILK MILLS LIMITED

17 SHORT TERM FINANCES

	June 2018 Rupees	June 2017 Rupees
From banks and financial institutions - Secured	5,034,787,523	5,034,787,523
Bills payable under letters of credit	-	-
	5,034,787,523	5,034,787,523

- 17.1 The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-51/B, A-29/B, D-14/C-1 and A-34/A with building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 18 various banks have filed suit for the recovery of these loans.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

Bank guarantee	79,834,000	79,834,000
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- 18.1.1 The bank guarantees have been issued in favor of Sui Southern Gas Company Limited and others.
- 18.1.2 The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.
- 18.1.3 The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi.
- 18.1.4 Al-Abid Silk Mills Limited (Company) has filed suit No.B-42/2013 for damages against the JS Bank Limited and JS Bank Limited has filed suit # B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.
- 18.1.5 United Bank Ltd has filed suit No. B-93 of 2012 against the company for recovery of outstanding loan amounting to Rs. 606,855,202/-.
- 18.1.6 Habib Bank Limited has filed suit No. B-96 of 2012 against the company for recovery of outstanding loan amounting to Rs. 812,482,558/-.
- 18.1.7 Pak-Oman Investment Co. Ltd. has filed suit No. 202 of 2013 has been decreed for an amount of Rs. 46,031,519/- against which Al-Abid Silk Mills Limited has filled an appeal, also Pak Oman Investment Company Ltd has filed an appeal. Further, Al-Abid Silk Mills Limited has filed an appeal No. 1st appeal (I.A)4/2016 in connection with the damages against Pak Oman Investment Company Ltd.
- 18.1.8 Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/-.
- 18.1.9 Faysal Bank Ltd has filed suit no. B-80 of 2013 against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-
- 18.1.10 Summit Bank Ltd. has filed Suit No. B-84 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 433,796,294/-. The leave to defend has been granted.
- 18.1.11 Bank of Punjab has filed suit No. B-95 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-
- 18.1.12 PAIR Investment Co. Ltd. has filed suit No. B-111 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-
- 18.1.13 Allied Bank Ltd. has filed suit No. 26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 77,676,831/-.
- 18.1.14 National Bank of Pakistan has filed suit No. B-26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 948,140,145/-.
- 18.1.15 Orix Leasing has filed suit no 36/2015 against the Company has been decreed for an amount of Rs. 12,920,000/- against which Al-Abid Silk Mills Limited (Company) has filed an appeal # 1st appeal 192/2017.
- 18.1.16 Standard Chartered Bank (Pakistan) Ltd. has filed suit No. 04/2015 against the Company has been decreed for an amount of Rs. 7,482,819/-. However, Standard Chartered Bank (Pakistan) Ltd. has been filed 1st appeal No. 99/2015 against the decreed order passed by the Banking Court.
- 18.1.17 Pak Kuwait Investment Company has filed suit No. 16/2015 against the Company has been decreed for an amount of Rs. 16,900,000/- against which Al-Abid Silk Mills Limited (Company) has filed an appeal # 1st appeal 02/2018.
- 18.1.18 Habib Metropolitan Bank Limited has filed suit no B-38/2015 against the Company for recovery of outstanding loan amounting to Rs. 773,496,075/-.
- The amount mentioned on above note 18.1.4 to 18.1.18 are claimed amounts by the Banks, actual amounts to be determined by the Banking Court.
- The outcome of above cases as referred in note 18.1.4 to 18.1.18 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.
- 18.1.19 Various suppliers have filed the suits against the company and the outcome of the cases cannot be predicted but management is vigorously contesting the case.
- 18.1.20 Various ex-workers filed suits for payment of their legal dues before the Authority under the Payment of Wages Act, West Division, Karachi. The company believes that there may not be any financial implications.
- 18.2 Commitments:
There are no commitments as at year end. (June 2017: Nil).

AL-ABID SILK MILLS LIMITED

19.3 Forced sale value as per the last revaluation report as of January 8, 2018

Asset class	Forced sale value
Lease hold land	654,220,000
Building	445,408,087
Plant, Machinery and Equipment	574,420,000
Total	1,674,048,087

19.4 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

	Location	Usage of Immovable Property	Total Area (Square feet)	* Covered Area (Square feet)
Lease hold Land & Building	Plot No. A-39, S.I.T.E., Karachi.	Head Office and Manufacturing facility	128,938	160,668
	Plot No. A-51/B, S.I.T.E., Karachi.	Factory and Manufacturing facility	51,836	41,111
	Plot No. A-34/A, S.I.T.E., Karachi.	Factory and Manufacturing facility	65,340	80,984
	Plot No. A-29/B, S.I.T.E., Karachi.	Factory and Manufacturing facility	124,146	269,835
	Plot No. D-14/C-1, S.I.T.E., Karachi.	Factory and Stitching facility	40,075	112,245

* The covered area includes multi storey buildings.

19.5 Had there been no revaluation, related figures of property, plant and equipments would have been as follows:

	June 2018 Rupees	June 2017 Rupees
Owned Assets:		
Lease hold Land	45,500,514	45,500,514
Building on Leasehold Land	109,461,150	121,623,498
Plant, Machinery & Equipments	525,007,855	583,342,064
Furniture & Fixture	24,758,669	27,509,632
Office Equipment	7,536,351	8,373,723
Electric, Gas & other Installation	32,397,668	35,997,409
Leased Assets:		
Plant, Machinery & Equipment	30,731,139	34,145,710
	775,393,345	856,492,550

20 STORES AND SPARES

Stores	1,092,718	1,092,718
Spares	74,578,870	74,578,870
	75,671,588	75,671,588
Provision for obsolete items	(22,701,477)	(15,134,318)
	52,970,111	60,537,270

Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.

21 STOCK IN TRADE

Raw materials		
In hand	18,189,966	18,189,966
Provision for obsolete stock	(5,456,991)	(3,637,994)
	12,732,975	14,551,972

22 TRADE DEBTS

Unsecured		
Secured	-	-
-Considered good	444,776	444,776
-Considered doubtful	1,890,406	1,890,406
	2,335,182	2,335,182
Provision for doubtful debts	(567,123)	(378,082)
	1,768,059	1,957,100

AL-ABID SILK MILLS LIMITED

23	LOANS AND ADVANCES	June 2018 Rupees	June 2017 Rupees
	Advances-considered good		
	Advances to suppliers, contractors and others - unsecured	5,017,778	5,396,206
	Provision for doubtful debt	-	-
		<u>5,017,778</u>	<u>5,396,206</u>
24	TRADE DEPOSITS AND PREPAYMENTS		
	Trade deposits - unsecured and considered good	<u>6,311,810</u>	<u>6,311,810</u>
25	OTHER RECEIVABLES		
	Duty drawback	160,216,810	160,728,457
	Research and development support	4,325,164	4,325,164
		<u>164,541,974</u>	<u>165,053,621</u>
26	TAX REFUNDS DUE FROM GOVERNMENT		
	Sales tax	64,433,345	64,184,614
	Income tax	9,968,699	9,951,747
		<u>74,402,044</u>	<u>74,136,361</u>
27	CASH AND BANK BALANCES		
	Cash in hand	217,688	155,905
	Cash at Banks		
	- Current account	213,286,300	5,156,257
	- Term deposit	4,128,698	4,128,698
		<u>217,414,998</u>	<u>9,284,955</u>
		<u>217,632,686</u>	<u>9,440,860</u>
28	SALES AND MANUFACTURING		
	Sales		
	Export sales	-	-
	Local sales	-	-
		<u>-</u>	<u>-</u>
	Manufacturing		
	Printing and dyeing	-	-
		<u>-</u>	<u>-</u>
29	COST OF SALES		
	Cost of materials consumed	29.1 -	-
	Salaries and wages	-	-
	Manufacturing overhead	29.2 214,460,070	332,114,646
		<u>214,460,070</u>	<u>332,114,646</u>
	Work - in- process		
	Opening stock	-	-
	Closing stock	-	-
		<u>-</u>	<u>-</u>
29.1	Cost of goods manufactured	<u>214,460,070</u>	<u>332,114,646</u>
	Finished goods		
	Opening stock	-	-
	Closing stock	-	-
		<u>-</u>	<u>-</u>
		<u>214,460,070</u>	<u>332,114,646</u>
	Less : Duty drawback	-	-
		<u>214,460,070</u>	<u>332,114,646</u>
29.2	Manufacturing Overhead		
	Repairs and maintenance	249,002	-
	Rent, rates and taxes	1,326,392	1,211,153
	Coolie, cartage and freight	5,000	-
	Depreciation	211,060,679	329,084,496
	Provision for obsolete stock	1,818,997	1,818,997
		<u>214,460,070</u>	<u>332,114,646</u>

AL-ABID SILK MILLS LIMITED

30	ADMINISTRATIVE EXPENSES		June 2018 Rupees	June 2017 Rupees
	Salaries and benefits		8,170,494	6,197,238
	Staff welfare		83,984	21,628
	Heat, light and power		2,220,131	1,415,158
	Car maintenance		86,500	36,800
	Conveyance		37,550	15,570
	Entertainment		186,183	76,585
	Printing and stationery		246,301	319,199
	Communication		264,740	494,191
	Legal and professional		5,939,033	5,361,998
	Auditors' remuneration	30.1	730,000	523,000
	Advertisement		56,794	93,866
	Subscription and fees		567,677	615,658
	Repairs and maintenance		-	103,158
	Miscellaneous		6,800	-
	Depreciation	19	4,441,631	8,933,797
	Provision for obsolete items		7,567,159	7,567,159
	Provision for doubtful debts		189,041	189,041
			<u>30,794,018</u>	<u>31,964,046</u>
30.1	Auditors' remuneration			
	Audit fee		600,000	400,000
	Fee for half yearly review		100,000	81,000
	Out of pocket expenses		30,000	42,000
			<u>730,000</u>	<u>523,000</u>
31	OTHER INCOME			
	Income from non-financial assets / liabilities			
	Compensation received from foreign buyer		207,630,000	-
	Waiver received on other creditors		5,160,768	-
	Gain on reversal of advance from I.B.L		-	38,727,757
			<u>212,790,768</u>	<u>38,727,757</u>
32	FINANCE COST			
	Bank charges, mark-up and commission		<u>5,063</u>	<u>3,262</u>
33	TAXATION			
	Current		(2,659,885)	-
	Deferred tax		23,012,982	17,091,147
			<u>20,353,097</u>	<u>17,091,147</u>
33.1	Provision for income tax represents minimum tax under section 113 of income tax ordinance 2001. It is impractical to prepare the tax charge reconciliation for the year as income is subject to minimum tax.			
33.2	Deferred tax accounting apply to the Company because its income is covered under NTR.			
34	LOSS PER SHARE - BASIC & DILUTED			
34.1	Loss per share			
	Loss after taxation	Rupees	<u>(12,115,286)</u>	<u>(342,445,344)</u>
	Weighted average number of shares	Number	<u>13,409,550</u>	<u>13,409,550</u>
	Basic Loss per share	Rupees	<u>(0.90)</u>	<u>(25.54)</u>
34.2	Diluted earnings per share			
	There is no dilution effect on the basic earnings per share of the company.			

AL-ABID SILK MILLS LIMITED

35 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2018	2017	2018	2017	2018	2017
	Rupees					
Basic	-	-	-	-	2,400,000	2,400,000
House rent	-	-	-	-	1,080,000	1,080,000
Other allowances and perquisites	-	-	-	-	480,000	480,000
	-	-	-	-	3,960,000	3,960,000
Number of persons	1	1	1	1	3	3

*The definition of executive has been changed as per the Companies Act, 2017.

In order to improve financial position of the company, the directors of the Company have decided to forgo fees, remuneration and other perquisites.

- 35.1** The Chief Executive and Directors have been provided with free use of the company maintained cars, residential telephones for business and personal use and foreign air traveling for self and dependents once in a year. Certain executives have also been provided with free use of Company maintained car.
- 35.2** Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs. 52,000 (2017: Rs.34,000).
- 35.3** In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the year ended June 30, 2018 i.e. Mr. Naseem A. Sattar Rs. 10,500,000 and Mr. Azim Ahmed Rs. 5,400,000. (2017: Mr. Naseem A. Sattar Rs. 10,500,000) and (Mr. Azim Ahmed Rs. 5,400,000).
- 35.4** Outstanding salaries payable to Chief Executive and Director was Rs. Nil and 1,800,000 (2017: Rs. Nil and 1,800,000) respectively at the end of the year.

36 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

37 FINANCIAL INSTRUMENTS BY CATEGORY

	June 2018 Rupees	June 2017 Rupees
Financial Assets		
Long term security deposit	1,886,645	1,886,645
Trade debts	1,768,059	1,957,100
Loans and advances	5,017,778	5,396,206
Trade deposits and prepayments	6,311,810	6,311,810
Other receivables	164,541,974	165,053,621
Cash and bank balances	217,632,686	9,440,860
	397,158,952	190,046,242
Financial Liabilities		
Loan from director - unsecured	518,518,754	496,898,754
Trade and other payables	936,569,591	943,121,281
Unclaimed dividend	108,310	108,310
Advance from I.B.L	366,063,944	366,063,944
Accrued markup	240,815,938	240,815,938
Current maturity of long term loans and Lease Liability	67,118,820	67,118,820
Short term finances	5,034,787,523	5,034,787,523
	7,163,982,880	7,148,914,570

AL-ABID SILK MILLS LIMITED

38 FINANCIAL RISK MANAGEMENT

The Company finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2018 which are summarized below:

38.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has short term as well as long term rupee based loans at variable rates. Rates on short term finances are disclosed in relevant notes.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured

The Company's exposure to foreign currency risk at the reporting date is as follows

	2018		2017	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	-	-	-	-
Short term borrowing	-	-	-	-
Accrued Mark Up on borrowing	-	-	-	-
Net exposure	-	-	-	-

The following significant exchange rates have been applied

	Average Rate		Reporting date rate	
	2018	2017	2018	2017
	(Rupees)			
Rs. against 1 US Dollar	-	-	-	-

Sensitivity Analysis

10% strengthening / weakening of Pak rupees against the following currencies at the reporting date would have increased / (decreased) profit before tax for the year by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant

Effect on profit before tax

	June 2018 Rupees	June 2017 Rupees
US Dollar	-	-

b) Yield / mark - up rate exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk and borrowings issued at fixed interest rates gives rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of borrowings at fixed and variable interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follow:

AL-ABID SILK MILLS LIMITED

Financial assets

Term Deposit Receipts

4,128,698

4,128,698

Financial liabilities

Long term Loans

27,488,521

27,488,521

Liabilities against assets subject to finance lease

39,630,299

39,630,299

Short term finances

5,034,787,523

5,034,787,523

5,101,906,343

5,101,906,343

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/ decreased profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect on Profit before tax

51,019,063

51,019,063

38.2 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform a contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

Loans and receivables

Long term security deposit

1,886,645

1,886,645

Trade debts

1,768,059

1,957,100

Loans and advances

5,017,778

5,396,206

Trade deposits and prepayments

6,311,810

6,311,810

Other receivables

164,541,974

165,053,621

Tax refunds due from government

74,402,044

74,136,361

Cash and bank balances

217,632,686

9,440,860

471,560,996

264,182,603

38.2.1 The maximum exposure to credit risk for trade debts on geographic basis as at the reporting date is as follows

Pakistan

2,335,182

2,335,182

The ageing of trade debts at the reporting date is as follows

Not past due

-

-

Past due 0-60 days

-

-

Past due 61 and above

2,335,182

2,335,182

2,335,182

2,335,182

Based on past experience, the Company believes that no impairment is necessary against amounts past due by 61 days and above.

38.2.2 Company's banks balances with reference to the credit ratings of the banks have not been presented as the Company is in litigation with the banks.

Due from customers other than related parties

Others

1,957,100

1,957,100

1,957,100

1,957,100

The balances of financial assets held with related parties other than short term investments are as follow:

Trade deposits

6,311,810

6,311,810

Other receivables

165,053,621

165,053,621

171,365,431

171,365,431

38.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. without incurring unacceptable losses or risking damage to the Company's

AL-ABID SILK MILLS LIMITED

Financial Liabilities At Amortized Cost

Long term loan from banks
Liabilities against assets
-subject to finance lease
Trade and other payables
Accrued markup
Short term finances

2018			
Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
-----Rupees-----			
27,488,521	27,488,521	27,488,521	-
39,630,299	39,630,299	39,630,299	-
1,302,633,535	1,302,633,535	1,302,633,535	-
240,815,938	240,815,938	240,815,938	-
5,034,787,523	5,034,787,523	5,034,787,523	-
6,645,355,816	6,645,355,816	6,645,355,816	-

Financial Liabilities At Amortized Cost

Long term loan from banks
Liabilities against assets
-subject to finance lease
Trade and other payables
Accrued markup
Short term finances

2017			
Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
-----Rupees-----			
27,488,521	27,488,521	27,488,521	-
39,630,299	39,630,299	39,630,299	-
1,309,185,225	1,309,185,225	1,309,185,225	-
240,815,938	240,815,938	240,815,938	-
5,034,787,523	5,034,787,523	5,034,787,523	-
6,651,907,506	6,651,907,506	6,651,907,506	-

39 RELATED PARTY TRANSACTIONS TRANSACTIONS DURING THE YEAR

Transaction

Loan received from director - Naseem A. Sattar

Relationship with the company

Director

June 2018
Rupees

June 2017
Rupees

21,620,000

16,925,000

Balance

Loan received from director - Azim Ahmed

Director

57,605,867

57,605,867

Loan received from director - Naseem A. Sattar

Director

460,912,887

439,292,887

40 NUMBER OF EMPLOYEES

Number of employees at the end of the year

9

9

Number of average employees during the year

8

8

Number of factory employees at the end of the year

-

-

Number of average factory employees during the year

-

-

41 PLANT CAPACITY AND PRODUCTION

The production capacity of the plant can not be determined as it depends upon the process, the quality of the cloth used for printing and dyeing, which may compose of different kinds of fabrics and texture having different construction and weights.

42 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

43 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 03, 2018.

Chief Executive Officer

Director

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LIMITED

Key Operating and Financial Data

Profit or Loss	2018	2017	2016	2015	2014	2013
-----Rupees in million-----						
Sales and manufacturing	-	-	-	247	489	2,757
Gross (loss) / profit	(214)	(332)	(714)	(473)	(531)	(1,719)
(Loss) / profit from operations	(32)	(325)	(685)	(532)	(651)	(1,674)
(Loss) / profit before taxation	(32)	(325)	(685)	(532)	651	(1,810)
(Loss) / profit after taxation	(12)	(342)	(684)	(537)	568	(1,833)
Balance Sheet						
Property, plant and equipment	1,942	3,659	3,997	4,375	4,802	5,262
Long term security deposit	2	2	2	2	2	2
Net current assets	(6,638)	(6,836)	(6,831)	(6,044)	(5,952)	(5,884)
Total assets employed	(4,694)	(3,176)	(2,833)	(1,668)	(1,148)	(620)
Represented by:						
Share Capital	134	134	134	134	134	134
Reserves	(4,828)	(3,776)	(3,444)	(5,785)	(5,486)	(5,176)
Shareholders' equity	(4,694)	(3,642)	(3,310)	(5,651)	(5,352)	(5,042)
Surplus on revaluation -of fixed assets	1,441	2,596	2,809	3,099	3,336	3,594
Long term Financing	-	-	-	466	446	322
Deferred liabilities	-	484	477	419	422	506
Total capital employed	(3,253)	(562)	(24)	(1,668)	(1,148)	(620)
Cash Flow Statement						
Operating activities	187	(17)	(19)	(30)	(135)	(211)
Investing activities	-	0	4	18	(4)	37
Financing activities	22	17	14	14	137	139
Cash & cash equivalents -at beginning of the year	9	9	10	8	10	45
Cash & cash equivalents -at end of the year	218	9	9	10	8	10
Dividend (%age)	-	-	-	-	-	-
Debt-equity ratio	(1.53)	(2.10)	(2.31)	(2.86)	(3.59)	(5.02)
Debt	7,174	7,640	7,658	7,288	7,232	7,266
Equity	(4,694)	(3,642)	(3,310)	(2,552)	(2,016)	(1,448)

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT 30-06-2018

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL NUMBER OF SHARES HELD
464	1	--	100	12,662
134	101	--	500	32,023
41	501	--	1,000	36,210
71	1,001	--	50,000	444,656
1	50,001	--	100,000	96,000
10	100,001	--	1,000,000	2,679,789
2	1,000,001	--	3,000,000	2,593,048
1	3,000,001	--	8,000,000	7,515,162
724				13,409,550

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARE HELD	PERCENTAGE
<u>INDIVIDUALS</u>	707		
HOLDING MORE THAN 10%		1,479,361	11.032%
HOLDING LESS THAN 10%		1,421,241	10.599%
<u>FINANCIAL INSTITUTIONS</u>	7		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,113,687	8.305%
NATIONAL BANK OF PAKISTAN		583,570	4.352%
NATIONAL BANK OF PAKISTAN		643	0.005%
NATIONAL BANK OF PAKISTAN		100	0.001%
THE BANK OF PUNJAB, TREASURY DIVISION		8,000	0.060%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		3,674	0.027%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		104,696	0.781%
<u>INSURANCE COMPANY</u>	1		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		236,994	1.767%
<u>JOINT STOCK COMPANIES</u>	2		
EXCEL SECURITIES (PRIVATE) LIMITED		500	0.004%
MAPLE LEAF CAPITAL LIMITED		1	0.000%
<u>DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN</u>	7		
MR. NASEEM A. SATTAR		7,515,162	56.043%
MR. AZIM AHMED		479,818	3.578%
MST. ADIA NASEEM		328,322	2.448%
MRS. SADAF NADEEM		132,281	0.986%
S.M. JAWED AZAM		500	0.004%
MR. QAMAR MASHKOR		500	0.004%
MR. MUHAMMAD SAJID HAFEEZ		500	0.004%
TOTAL	724	13,409,550	100.000%

AL-ABID SILK MILLS LIMITED

PROXY FORM

The Company Secretary
Al-Abid Silk Mills Limited
A-39, S.I.T.E., Manghopir Road,
Karachi.

I/We _____
of _____ being member(s) of Al-Abid Silk Mills Limited holding
_____ ordinary shares hereby appoint _____
of _____ Folio / CDC Account No. _____ or failing him / her
_____ Folio / CDC Account No. _____
of who is / are also member(s) of Al-Abid Silk Mills Limited as my / our proxy in my / our absence to attend and vote
for me / us and on my behalf at the Annual General Meeting of the Company to be held on Thursday 25, October 2018
and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2018.

Witness No. 1

Name: _____

Address: _____

CNIC No. _____

Signature of Member(s)
(This signature should agree with the specimen
registered with the Company)

Witness No. 2

Name: _____

Address: _____

CNIC No. _____

Folio No. _____

Participant ID No. _____

**Rs. 5/-
Revenue
Stamp**

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his / her original CNIC / SNIC or original passport at the time of the meeting.
4. A Member entitled to attend an Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
5. Members are requested:
 - (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.
 - (c) To write down their Folio Numbers / CDC Account Numbers.
6. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

العابد سلک ملز لمیٹڈ

پروکسی فارم

کمپنی سیکریٹری
العابد سلک ملز لمیٹڈ
A-39، ایس۔ آئی۔ ٹی۔ اے، منگھوپیر روڈ

کام میں/ہم
العابد سلک ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے _____ آرڈینیری شیئرز رکھتے ہیں۔ یہاں
کے _____ کا تقرر کرتا ہوں۔ فو لیو نمبر _____
یا اس کی عدم موجودگی میں _____ فو لیو نمبر _____
جو العابد سلک ملز لمیٹڈ کا ممبر بھی ہے بحیثیت میرے/ہمارے پروکسی میری/ہماری عدم موجودگی میں کمپنی کے عام سالانہ اجلاس جو 25 اکتوبر 2018
کو منعقد ہوگا اور اس کے کسی التواء پر میری/ہماری جانب سے شرکت کرے گا اور ووٹ دے گا۔
آج اس دن _____ 2018 کو دستخط کئے گئے۔

5/- روپے کا
رسیدی ٹکٹ

گواہ نمبر 1

نام _____

پتہ _____

سی این آئی سی نمبر _____

گواہ نمبر 2

نام _____

پتہ _____

سی این آئی سی نمبر _____

اہم

- 1- سی ڈی سی اکاؤنٹ ہولڈرز سے استدعا ہے کہ اجلاس کے نوٹس میں بیان کردہ گائیڈ لائنز پر سختی سے عمل پیرا ہوں۔
- 2- پروکسی فارم کے ساتھ سی این آئی سی/ایس این آئی سی یا بینیفیشل اونرز اور پروکسی کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔
- 3- پروکسی اجلاس کے وقت اپنا اور بجٹل سی این آئی سی/ایس این آئی سی یا اور بجٹل پاسپورٹ پیش کرے گا۔
- 4- ممبر سالانہ عام اجلاس میں شرکت کا مستحق ہوگا ساتھ ہی وہ اپنے بجائے پروکسی کے تقرر کا مستحق ہوگا کہ اس کے بجائے شرکت کرے اور ووٹ دے۔

5- ممبر سے استدعا ہے کہ

(a) اوپر دکھائی گئی جگہ پر 5 روپے کا رسیدی ٹکٹ لگائیں۔

AL-ABID SILK MILLS LIMITED

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